



First American Title™

EXHIBIT 2  
DATE 2/14/19  
HB 370

**Testimony of First American Title**  
**on**  
**H.B. 370 Relating to the Revised Uniform Law on Notarial Acts**  
**before the**  
**House Committee on Business and Labor**

**Thursday, February 14, 2019**  
**8:30 a.m., Room 172**

Mr. Chairman Noland and Distinguished Members of the Committee on Business and Labor:

First American Title<sup>1</sup> is grateful for the opportunity to **support** H.B. 370 to update the Revised Uniform Law on Notarial Acts and to discuss how this legislation will benefit Montana's residents and business community.

This bill would update Montana's existing "remote online notarization" law. Just like it sounds, remote online notarization takes the traditional notarial process and moves it online—allowing a signer to get a document notarized over a webcam or smart phone. Remote online notarization benefits consumers by providing a more convenient alternative to traditional notarization and protects consumers by providing enhanced security to the notarial process.

Along with others in the mortgage and land title industries, we have taken a keen interest in remote online notary laws because notaries are the lynchpin of our system of real estate transfer and recording. As a leading national settlement provider, we are also a major consumer of notary services. Therefore, we are interested in making sure that any remote online notary law provides sufficient safeguards to protect the identities and real property interests of Montana's citizens.

**Updating to RULONA 2018**

Montana first enacted a remote online notarization law in 2015, becoming only the second state to do so. However, the current law is restrictive in that it limits both the *circumstances* in which the law may be used (restricted to Montana legal residents and Montana transactions only) and the *means* by which a notary may identify a signer (requiring that the notary personally know the signer or use a credible witness). Since 2015, the technologies and practices behind remote online notarization have advanced to give us an opportunity to update our current law.

H.B. 370 is based on the updated version of the Revised Uniform Law on Notarial Acts, also known as "RULONA 2018," approved and adopted by the Uniform Law Commission last year. H.B. 370 takes the basic framework of RULONA 2018 and provides more specificity and guidance to notaries by filling in many additional details. This update to the uniform law would

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<sup>1</sup> First American Title Insurance Company is a subsidiary of First American Financial Corporation (NYSE:FAF), one of the nation's largest title insurance companies and providers of real estate settlement services.

implement a legal framework to support the National Electronic Notarization Standards adopted by the National Association of Secretary of States (NASS) in February 2018.

### **Enhanced Security for the Most Important Transactions**

H.B. 370 embraces the latest technologies to prevent fraud in the notarial process. It is crucial to use available tools to protect people's most valuable assets—ownership of their homes.

- Enhanced Identification Requirements: With enhanced ID requirements and using a multi-factor approach to authenticate signers, H.B. 370 leverages the latest technologies and forensic tools to stop fraud before it happens. Adding in flexibility to the law, it also gives the Secretary of State's office the authority to adopt the latest technological tools as they may become available in the future.
- Robust Audit Trail: The bill keeps Montana's current requirement that a secure electronic journal entry and audio-video recording made of each notarization be retained by the notary, creating an auditable record to deter potential fraudsters. Criminals are much less likely to steal someone's identity when the camera is rolling.
- Secure Technologies: H.B. 370 supports the latest tamper-evident technologies so that third parties can detect whether someone has tried to alter an electronically notarized document.

### **The Consumer-Friendly Choice**

Remote notarization is the consumer-friendly alternative to the difficult and time-consuming process of finding a traditional notary for an in-person notarization. Significant benefits include:

- Ease of Access: Montana residents can get documents notarized *anywhere, anytime*. It is especially useful to disadvantaged or immobilized residents who need to notarize official documents.
- Save on Time, Lost Wages and Travel Costs: Remote online notarization eliminates the need to make appointments, take leave from work, or drive for miles to find a notary—all you need is a computer and an internet connection.
- Good for Rural Residents and Members of the Military: It benefits Montana residents who live in remote areas and members of the military on deployment.
- Consumer Choice: Remote online notarization will be strictly optional and preserve consumer choice. It will simply be an alternative for Montana residents who wish to use it.

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Thank you for the opportunity to provide testimony in support of this bill.